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Hungarian analysis of the Western economic situation. This analysis by the Main Department of Market and Business Research, Hungarian Chamber of Commerce, is titled "The Main Trends of the Capitalist Economic Situation," and is divided into three sections: "The Economic Situation in the United States," "The Sluggishness of the West European Economic Upswing," and "Several International Trade Questions and Foreign Exchange Problems." The report also touches the dollar shortage throughout the world, the status of several foreign currencies, West European integration and the Common Market, and the growth of East-West trade. The report concludes that "the increase of economic relations among countries of various social orders is a legitimate and inevitable process, which is being given impetus by the current decline in the capitalist economy." The task "of all the socialist countries, including Hungary, is to promote and accelerate this process."

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50X1-HUM

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HUNGARIAN CHAMBER OF COMMERCE ANALYSIS OF THE WESTERN ECONOMIC SITUATION

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The report, titled "The Main Trends of the Capitalist Economic ~~Sit~~ Situation," is divided into three main sections: "The Economic Situation in the U.S.A," "The Sluggishness of the West European Economic Upswing," and "Several International Trade Questions and Foreign Exchange Problems." The report states that "The capitalist economies are going through a difficult period now in the early summer months of 1958," and that the following factors define the situation:

1. "The overproduction slump developing in the US coincides with the economic sluggishness apparent in the countries of Western Europe.
2. "The factors and tendencies retarding the 'normal' course of the overproduction slump -- chiefly government economic measures and the inflation-- will prolong the slump.
3. "In recent years, the rift has deepened between the industrially mature nations and the weak raw-materials-producing nations and is, under present circumstances, intensifying the market problem and is leading to the stagnation and reduction of international trade.
4. "Because of the US slump and the general decline in the rate of growth of the capitalist economy, world economic power relations are shifting in favor of the socialist countries, where productive forces are constantly developing."

In respect to the economic situation in the US, the report lists

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-8-

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50X1-HUM

all the symptoms of the "slump," e.g., a decrease in industrial production, investments, imports, and profits, and increased unemployment, attributing them to "the relative lag in the buying power of the broad masses of the working class behind the abundance of commodities."

"However," the report continues, "besides the usual criteria for the overproduction slump, there are other factors which differentiate this present slump cycle from previous ones and which will affect its development, three of which are: the movement of fixed capital; increased interference of the government in the economy; and the inflationary process."

The report then discusses private investment cycles in the US since World War II, and furnishes several tables "based on data from various issues of the Survey of Current Business." The first table, ^{Fixed Capital} "The Formation of Investments in US Private Enterprise," shows gross investments and fixed-capital investments, from 1954 to 1957, in billions of dollars. A second table, "Fixed Capital Investments in the US," provides quarterly figures for ~~the~~ 1955-1957 in billions of dollars. A third table, "Industrial Production, Personal Consumption, and Public Purchasing in the US," gives 1954-1957 indexes for all three of the subject elements. A fourth table, "Industrial Production in the US," gives monthly indexes for the period January 1956 through April 1958, based on data from the March-April 1958 issues of the Financial Times, as well as on data from various issues of the Survey of Current Business. The final table in the first section of the report cites no source and deals with "The Formation of Wholesale and Consumer Price Levels in the US." Each table is followed by an analysis and discussion of the tabular data; and the first section of the report is concluded with the following ^{Comment} ~~statement~~; "It is therefore evident that nowadays not only are the upswings of the American capitalist economy burdened with inflation, but even the slumps are distorted by the

2
-X-
SECRET

50X1-HUM

inflationary trend and made more difficult to overcome."

The second section of the report, dealing with the economy of Western Europe, discusses "the slackening of the tempo of the 4-year industrial boom which became perceptible in 1957 and developed increasingly more in the first months of 1958." The report says that, although the slow-down was not a consequence of the "overproduction slump" in the US, its basic causes and characteristics were "essentially of the same nature as those of the American Recession," and that the investment boom in Western Europe was accompanied by inflation "just as it was in America."

Several tables are shown under the following titles: 1) "Western European Industrial Production in 1956 and 1957," based on figures from Bulletin Statistiques of the OEEC, No 2, 1958, 2) "Several Main Economic Indicators for Western Europe, 1954-1957, from the same source, 3) "Fixed Capital Investments of the English Processing Industry," 1956-1957, source⁶ The Times Review of Industry, June 1958, 4) "Fixed Capital Investments in the German Federal Republic," 1950-1957, no source cited, and 5) "Percentage Increase in Production of Investment and Consumer Goods in the German Federal Republic, Compare to Preceding Years," no source given.

The final section of the report, concerned with international trade and foreign exchange, contains a table, based on figures from the UNO Monthly Bulletin of Statistics, April 1958, Le Commerce Internationale en 1956 (GATT), June 1957, Statistiques Generale de l'OEEC, May 1958, and the London and Cambridge Economic Bulletin, June 1958, to show "the decline in the rate of increase of the capitalist world economy."

A second table, titled "Combined Gold and Foreign Exchange Reserves of the Capitalist Countries" and based on figures from International Financial Statistics, a publication of the International Monetary Fund, compares 1957 reserves and imports with those of 1937 and shows "that in 20 years, world trade has expanded over twice as fast as the total monetary reserves necessary for the settlement of international payments."

-10-
SECRET

50X1-HUM

The report says that "One of the main causes of the declining rate of international trade and the balance-disturbances in the capitalist world economy is the uneven economic development which is evident in the increasing difference between prices and wages in the individual countries and in the uneven distribution of gold and foreign exchange reserves."

The report next discusses the dollar shortage in the world, the status of several foreign currencies, West European integration and the Common Market, and the rapid growth of trade between the East, ~~and the West~~ particularly Communist China, and the West. The report concludes, "All this shows that the increase of economic relations among countries of various social orders is a legitimate and inevitable process, which is being given impetus by the current decline in the ~~xxx~~ capitalist economy. An important task of the economic policies of all the socialist countries, including Hungary, is to promote and accelerate this process."

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